

Message Text

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ACTION OPIC-12

INFO OCT-01 NEA-10 ISO-00 EB-11 AID-20 CIAE-00 COME-00

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R 110700Z JAN 74

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 8966

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E.O. 11652: N/A

TAGS: EFIN IN

SUBJECT: OPIC -- INVESTMENT INSURANCE

REF: STATE 250649

1. PARAGRAPH THREE OF THE REFTEL ASKS OUR VIEWS ON THE LIKELIHOOD THAT THE NEW GOI APPROVAL PROCEDURES WILL REDUCE THE TIME REQUIRED TO OBTAIN GOVERNMENT APPROVAL OF NEW FOREIGN INVESTMENTS. WE HAVE REPORTED ON THE ESTABLISHMENT OF THE PROJECT APPROVAL BOARD (PAB) (A-407, NOVEMBER 10, 1973) AND ON THE RECENTLY ANNOUNCED GUIDELINES FOR IMPLEMENTATION OF THE FOREIGN EXCHANGE REGULATIONS (NEW DELHI 15109, DECEMBER 21, 1973). THE GOI MAINTAINS THAT THE PAB IN CONJUNCTION WITH A NEW UNIFIED SECRETARIAT FOR INDUSTRIAL APPROVALS WILL SPEED UP THE LICENSING PROCESS, WHICH, FOR A JOINT VENTURE INVOLVING FOREIGN COLLABORATION, CURRENTLY EXTENDS TO AT LEAST 24 MONTHS. OUR COMMENT AT THAT TIME (STILL VALID) WAS THAT WE WILL BELIEVE IT WHEN WE SEE IT. ALTHOUGH SOME GOI OFFICIALS ARE NOW MAKING SLIGHTLY MORE FAVORABLE NOISES ABOUT FOREIGN INVESTMENT AND THE NEW GUIDELINES CLARIFIED THE TERMS UNDER WHICH FOREIGN EQUITY PARTICIPATION WILL BE PERMITTED, IT IS EVIDENT THAT THE OVERALL GOI POLICY ON FOREIGN INVESTMENT HAS NOT JELLED. THE DEBATE CONTINUES, WITH MRS. GANDHI'S PRIVATE SECTOR INDUSTRIAL ADVISORS IN SECONDANCY ONE DAY AND

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POWERFUL FOES OF FOREIGN INVESTMENT (PLANNING MINISTER D.P. DHAR, FOR ONE) ON ANOTHER. IT IS STILL TOO EARLY TO MAKE A

JUDGMENT. OF COURSE, IF YOU ARE ONE OF THE LUCKY FEW FOREIGN INVESTORS WHOSE TECHNOLOGY IS VERY MUCH DESIRED BY INDIA, APPROVAL CAN BE SWIFT. THE MORAL OF THE STORY IS THAT WHILE ALL FOREIGN INVESTORS ARE EQUAL SOME ARE MORE EQUAL THAN OTHERS.

2. WE PLAN TO UPDATE OUR UNCLASSIFIED BRIEFING MEMO FOR BUSINESSMEN ON THE LICENSING PROCESS IN THE NEAR FUTURE.

3. IN THE NARROWER FIELD OF GOI NO OBJECTION LETTERS FOR OPIC INVESTMENT GUARANTY APPLICATIONS, WE HAD OUR FIRST SUCCESS IN SOME TIME THIS WEEK (MILES LABORATORIES). NOW THAT WE AND THE APPLICANT COMPANIES KNOW PRECISELY WHAT DOCUMENTATION IS REQUIRED, GOI ISSUANCE OF THE LETTER SHOULD HOPEFULLY BECOME MORE ROUTINE.
MOYNIHAN

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